

Published in the Mo
rency - Clifton District.
Population - 15,000

THE COPPER ERA

AND MORENCI LEADER

The Oldest Copper Pro-
ducing District in the
State of Arizona.

VOLUME XXIII.

CLIFTON, ARIZONA, FRIDAY, OCTOBER 7, 1921

NUMBER 21

AUTO TOURISTS ARE MADE VICTIMS OF SPITE WORK

That auto tourists are often the victims of unscrupulous garage men, who for some ulterior motive, will wrongfully direct a strange tourist over the most difficult route, in order to vent their spite on some neighboring town, or else to throw the patronage to a favored garage along the same route, is strongly emphasized by the following letter from a tourist, who recently received such dirty treatment while passing through Hot Springs, New Mexico. The following letter has come into the possession of THE COPPER ERA, through the courtesy of Burton Bunch, Secretary of the Southwestern Good Roads Association, at Silver City, New Mexico.

Risbee, Arizona
September, 26th 1921.
Chamber of Commerce,
Silver City, N. Mex.
Gentlemen—

This letter is in the form of a complaint about certain treatment accorded us at Hot Springs as we passed through there last Wednesday noon. The letter is being written with a view of preventing the repetition of the wrong to tourists and with the purpose of saving other tourists from falling into such a trap as was set for us.

We are touring the country from the East, making Missouri, Kansas, Colorado, New Mexico, Arizona and old Mexico and will winter in Los Angeles, and were en route through Hot Springs to Deming over a route we did not know and were compelled to rely upon the honor and integrity of business men and others as to the most desirable route. We had some repairs made at Hot Springs, also had our dinner there and took on gas and oil and of course made inquiry of the men operating the garage as to the better route. By some six or seven men in Hot Springs we were advised to go through a little town named Hatch which they said would be on the main highway to Deming. We were warned to avoid Hillsboro as the roads—so they said—were "impossible." In accordance with their directions we drove down to Hatch (we were driving a Stutz Bear Cat) and there we found the road to be a river bed of sand, absolutely no sign of a road except where one or two wagons may have passed along. We were stuck in the sand for some time and completely burned up two good rear casings in our endeavor to get out which we did after some two hours effort. We afterwards learned at Deming while purchasing new casings that there was a "county-seat fight" on between Hot Springs and Hillsboro and that the purpose of sending us through this out-of-the-way, unspeakable route was done to prevent Hillsboro from profiting by any tourist travel and thereby injure that town as much as possible by this method.

We suffered the loss of two good casings, worth \$120.00, also the loss of much time and anxious moments. The injury was to us, who are innocent parties to the county seat fight and who ought not to have been made to suffer.

We trust that some such publicity may be given this as will tend to prevent the recurrence of this warranted misinformation being given to tourists. We feel that we have been badly mistreated, purposely so, with an absolute disregard for our rights.

Yours very truly,
(Signed) GEO. B. FORRESTER,
care General Delivery (Temporary)
Los Angeles, California.

The above is a common complaint often heard.
An automobile party this summer traveling from Morenci to the coast and return met with a similar experience on the outbound trip. In this instance it was afterwards proven that the garage man who gave the directions over the worst road, had a partner in the same business in the next town.
We hope the newly organized Arizona Automobile Association will do a great deal to overcome this growing evil.

4 ARRESTED AS RUBY POSTOFFICE BANDITS

Nogales, Ariz., Oct. 4—Four persons were arrested today on suspicion of having been connected with the killing of Postmaster and Mrs. Frank J. Pearson at Ruby, Ariz., according to an announcement made tonight by County Attorney A. H. De Riemer. Mr. De Riemer said the arrests were made by Sheriff George White of this county.

Those arrested were Salvador Sazuceta, Pacado Silvas, Juan Lucero, and Sipiario Nunez. Sazuceta's preliminary hearing will be held in a local justice of the peace court Wednesday. Silvas and Lucero are residents of Arivaca, a small town near Ruby, and Nunez is a former Mexican soldier.

Postmaster and Mrs. Pearson were killed when the postoffice at Ruby was raided by seven bandits several weeks ago.

Minor O. Simms has been in Safford several days this week on business where he is interested with his brother, Mit Simms, in the wholesale oil business.

Grist Gathered at the Court House

Superior Court, Sheriff and County Recorder drew the trial jury for the jury session which convenes on Monday the 17th day of October. One Hundred and fifty names were drawn and it is expected that at least seventy-five out of the number drawn will be served.

The civil and criminal trial calendar was also called and the following cases were set for trial:
Civil and Criminal Calendar
October, 1921

650-B
October 17—Morenci Inspiration Copper Co. vs. J. C. Bartlett, et al.
Action: Quiet Title.
Horton and Elliott for plaintiff.
L. Kearney for defendants.

725-B
October 17—Bernardino Perez, vs. First National Bank.
Action: Recovery of money.
A. R. Lynch for plaintiff.
L. Kearney for defendant.

728-B
October 17—S. P. Gillis, vs. O. J. Cotey.
Action: Foreign Judgment.
Dave W. Ling for plaintiff.
A. R. Lynch for defendant.

729-B
October 17—Refugio Loya, vs. J. G. Hicks.
Action: Damages.
L. Kearney for plaintiff.
A. R. Lynch for defendant.

750-B
October 17—Gerardo Zorrilla, vs. Garrie L. Crawford, et al.
Action: Damages.
A. R. Lynch for plaintiff.
L. Kearney for defendants.

752-B
October 18—John S. Thompson vs. R. R. Miller.
Foreclosure.
H. A. Elliott for plaintiff.
Dave W. Ling for defendant.

558-A
October 17—State, vs. W. H. Moon.
Action: Embezzlement.
A. R. Lynch for defendant.

559-A
State vs. W. H. Moon.
Action: Burglary.
A. R. Lynch for defendant.

R. S. Black and N. C. Seigal have filed an action this week against The Bank of Duncan, a corporation, and the Insto Manufacturing Company, Inc., a corporation, for the cancellation of a contract and the recovery of the sum of \$1000.00 which was placed in escrow with the Bank of Duncan by the plaintiffs as a guarantee for the fulfillment of the contract. E. V. Horton represents the plaintiffs.

Rafael Garcia has filed an action against the Arizona Copper Company, Ltd. for damages in the sum of \$20,000.00. The plaintiff alleges in his complaint that while he was employed by said corporation in the capacity of a miner in the Humbolt Mine at Morenci, he was struck by large pieces of rock from above, knocking the plaintiff down and covering him up and that he received a broken leg and was badly mangled, leaving his leg practically useless.

Henry Carr has filed an action against Oscar Rainville for the sum of \$485.00 which the plaintiff alleges is due him for work and labor performed for taking care and feeding cattle of the defendant; plaintiff also alleges that he has loaned defendant money and furnished horses for the said defendant for which he has never been paid and the above sum is past due and no part of the same has been paid.

Bills of Sale—
John M. Webster to D. M. Cansler, L. T. Scott, to Angel Lara, Rex Paddock to J. S. Chess.

Location Notices—
Navigation, Trade, Commerce, Unite, Last Chance, Gold Bug, Rattle Snake, Surprise, Copper Basin, Bitter Creek, Bitter Creek No. 1, Red Blanket, Red Blanket, No. 1, West Junction, by S. D. Corley.

Banker, L. Italiano and La Venezia, by Carmine Cupelli.
Satisfaction of Mortgages—
S. N. Schwabe, Trustee to A. H. Slaughter.

First National Bank to James M. Smalley.

CARL HAYDEN IS ON RETURN TRIP TO WASHINGTON

Congressman Carl Hayden, of Arizona, after a brief visit to Arizona, during the Congressional recess, left for Washington on Tuesday of this week, where he will resume his duties.

Although a partisan democrat, it is freely conceded by both republican and democrats, that Congressman Carl Hayden, of Arizona, is recognized as one of the most popular and energetic Congressmen from the west.

During his short stay in Arizona Mr. Hayden spent as much time as possible on a tour of the state. Traveling through Cochise county on Monday he visited Tombstone and Bisbee and proceeded to Douglas, where he caught a night train for the east.

While in El Paso on Tuesday the Arizona Congressman was seen by a reporter of El Paso Times, in which the following interview appeared:
"On his way to Washington, where he will resume his duties. In congress, Representative Carl Hayden of Arizona stopped in El Paso yesterday morning for several hours, leaving on the 12 o'clock 'Sunshine Special' for the east.

"Congressman Hayden, who is Arizona's only representative in the lower house, is one of the most influential members of congress, and has done much to bring about passage of legislation which has benefited this entire section. He has served several terms in the house of representatives and has the distinction of being the only Democrat who was re-elected in his state at the last general election.

"During his stay here Congressman Hayden applied at the city hall for a passport to visit Juarez. He was accompanied by his wife. The two were issued a tourist passport by J. Y. Fraser head of the city employment bureau, who is handling the border permits.

"Why is it that the passport restrictions have not been lifted in El Paso?" Congressman Hayden asked Mr. Fraser. "We do not have to produce passports at Nogales when we cross into Mexico.

"As I interpret the proclamation issued by President Harding several weeks ago, all restrictions along the Mexican border were ordered lifted. El Paso is the only city on the border that has failed to carry into effect this proclamation."

"Congressman Hayden, who has always manifested a keen interest in El Paso, told Mr. Fraser that he always looked forward to stopping off here with pleasure."

DEPUTY SHERIFF SHOT IN RAID ON SAFFORD 'STILL'

Safford, Ariz., Sept. 30—Deputy Sheriff S. I. Alfred was seriously wounded when he was shot during a raid on a still 12 miles south of here last night. Alfred and other officers were approaching the still when several shots were fired. One striking Alfred in the leg, shattering the bone. The officers arrested Ed Lee, Lloyd Evans, "Bunion" Evans and Floyd Campbell.

Pink Cosper of Sheldon, spent last Monday in Clifton on business.

First National Bank, to R. S. Black et. ux.
First National Bank to Walter Thorn.

Peoples Bank and Trust Company to A. J. Burgham, et. ux.
Peoples Bank and Trust Company to A. J. Burgham, et. ux.

Chattel Mortgage—
James M. Smalley, to The City Mortgage Company.

Angel Lara to S. T. Scott.

Quit Claim Deed—
E. Gomez, et. al. to Altagracia de Vasquez.

Deed—
The Arizona Copper Company, Ltd. to The Arizona Copper Company.

Warranty Deed—
William C. Packer, et. ux. to Geo. H. Ellledge.

Copper Production Held Up By Excessive Freight Rates, Claim

Prescott, Sept. 30—Until freight rates on bullion are reduced to a point more nearly approaching their pre-war level, talk of early resumption of copper production in Arizona is foolish. This is the position of James S. Douglas, president of the United Verde Extension Mining company, expressed in an interview for Journal-Miner readers. Mr. Douglas quoted facts and figures.

Before the war, Mr. Douglas said, the freight rate on bullion from Clarkdale to New York was \$12.55 per ton, and the rate from Douglas to New York \$8.65. A month ago the rate from Clarkdale to New York was reduced from \$22 to \$16.50.

Reduction Required
"The freight rate on bullion from Clarkdale to New York," Mr. Douglas said, "must be reduced to \$8.55 per ton, and from Clarkdale to San

Pedro must be reduced to \$5 per ton, before copper can be refined and sold in New York at the present price of 11½ to 12 cents.

"Freight rates on lumber are excessive and must be reduced about 30 per cent. Rates on coke and coal must likewise be notably reduced."

With these provisions fulfilled, Mr. Douglas intimated, talk of resumption of copper production would sound more reasonable. He said that the copper producers are now seeking to bring about a further reduction in rates which will come closer to meeting the conditions under which they feel they can begin to mine and smelt their ores.

Wild Rumors Decried
Reports from El Paso that foreign purchasers had almost depleted the surplus copper stocks were branded by the miner as wild and absurd. He confessed an inability to understand how they could be taken seriously enough to be believed and printed.

Entire Holdings of A. C. Co. Ltd. Are Now Owned By Phelps Dodge Corp.

THE long expected and anticipated announcement of the formal and legal transfer of the properties of The Arizona Copper Co. Ltd., in this district to Phelps Dodge Corporation, of New York, was made this week.

The official ratification by the stockholders of the A. C. Co. Ltd., of the sale occurred in the office of the company at Edinburgh, Scotland, October 3, 1921, and the announcement was received in Clifton on the morning of the 4th in a cablegram received by General Manager Carmichael.

The announcement occasioned no surprise in Clifton as the news had been discounted several weeks in advance and was strengthened upon the arrival in the district during the month of August of a group of prominent Phelps Dodge officials for a detailed investigation of A. C. Co. affairs.

The entire holdings of the A. C. Co. (with the exception of the General Office in Edinburgh) are included in the sale, together with the A. & N. M. Ry. The A. C. Co. in exchange for its holdings receive a tenth interest in Phelps Dodge Corporation, capitalized at \$50,000,000.

No announcement was forthcoming this week from Phelps Dodge officials as to future policy or management of company affairs in the district but it was intimated that one would be forthcoming shortly.

The fact that the directors of the A. C. Co. Ltd. estimated that an expenditure of ten million dollars would be required for the necessary plant to handle the low grade ores of the district influenced them to recommend the sale of the properties to Phelps Dodge Corporation. The logical conclusion is that Phelps Dodge Corporation is prepared to install such a plant when required, all of which points to bigger things ahead for the district.

We produce below the letter to the stockholders of The Arizona Copper Co. Ltd. which arrived in Clifton last evening:

THE ARIZONA COPPER COMPANY, LIMITED.

44 Charlotte Square,
Edinburgh, 21st September 1921.

DEAR SIR (OR MADAM),
We send you enclosed:—

1. Report and Accounts for the year to 30th September 1920, from which you will observe that the Annual Meeting is to be held on 3rd prox. at 2 o'clock;

2. Statement of Profit and Loss Account for the eight months from 1st October 1920 to 31st May 1921;

3. Agreement between the Arizona Copper Company, Limited, and Phelps Dodge Corporation for the transfer of the Mines, Works, and other Assets of this Company to that Corporation;

4. Notice calling an Extraordinary General Meeting, also to be held on 3rd prox., to confirm that Agreement; and

5. Proxy for the Extraordinary General Meeting.

As the Shareholders are aware, the copper industry has, for a considerable time, been in a serious condition, owing to the war accumulation of stocks, and decrease in consumption leading to a heavy fall in the price of the metal. During the War the copper companies under arrangement with the Associated Governments, had pressed production to the utmost, and at the date of the Armistice in November 1918 large stocks were held by the Governments, the consumers, and the producers.

The industry has not yet recovered from this position. Copper was one of the few commodities which did not rise in price following the signing of the Armistice. On the contrary, the price receded; wages could not be reduced owing to the continued high cost of living; while the cost of supplies and freight rates increased. Although at intervals there were indications of a revival in the demand this did not materialise, and as the falling off in consumption exceeded the reduction in production, the stocks on hand, which were already excessive, increased.

Following on this, production had to be further curtailed. It was soon realized that even this did not relieve the difficulty caused by the accumulation of stocks; and consequently prices continued to fall, so that the cost of production exceeded the market price. In the early part of the year it became obvious that the only remedy was to close down, and so stop production, and this step was taken by many of the important producers. It will be appreciated that it was only after serious consideration that the Directors took this drastic step, as even when shut down a considerable monthly outlay is necessary to protect the property and

keep the organization together, apart from heavy interest charges and taxation, all of which is necessarily dead loss. This Company closed down on 31st May 1921.

Under these circumstances it is natural that the operations for the year to 30th September 1920 resulted in a loss, the trading deficiency for the year (including provision for taxation) as shown in the Report, being £319,672.13s. On the other hand, it is anticipated that the whole of the amount paid by the Company for British Excess Profits Duty will be recovered. There therefore falls to be placed against the above deficiency the balance of the Company's claim for repayment, amounting to £292,373, as well as a sum of £96,555.6.10, representing provisions made in previous years for Federal Taxes, beyond what is now found to be required. The above mentioned deficiency was thus converted into a surplus which, after payment of the Preference Dividends, left £44,744.11.10. The balance at the credit of Profit and Loss brought forward from 30th September 1919, £20,365.14s., thus became at 30th September 1920, £65,110.5.10.

For the eight months to 31st May 1921, the deficiency, as shown in the accompanying statement, is brought out as £309,234.3s., and deducting from this the above surplus of £65,110.5.10, the net deficiency at 31st May 1921 was £244,123.17.2, which amount is being increased by the cost of keeping the property and plant in working order and maintaining the organization, as well as by taxation and interest.

The question of finance under existing conditions is a difficult one. If carried on, the Company, to meet deficiencies arising over a period to which no definite limit could be placed, would have to borrow on onerous terms. The Directors therefore considered it advisable to approach Phelps Dodge Corporation, with whom the negotiations took place in the spring of last year, to ascertain whether an arrangement could be made by which the Arizona Copper Company's properties would be taken over by that Corporation in exchange for Shares on a fair basis.

An arrangement has now been arrived at, the terms of which are set forth in the accompanying Agreement, to which your special attention is directed for full details. Its leading terms may be summarised as follows:—

1. The whole undertaking (including the railway) is sold to Phelps Dodge Corporation, excepting the Edinburgh Office, a sum of about £35,000, and the right (subject to making good if required certain expected Federal Tax Re-

coveries) to certain British Tax Recoveries.

2. The price is—

(a) Payment of the dividends on the A. Preference Shares and Preference Stock and retirement of these shares and stock (at the expense of that Corporation) within five years.

(b) 50,000 fully paid Shares of \$100 each of the Corporation, of which the capital will then be 500,000 Shares of \$100 each.

(c) The purchaser assumes all the liabilities, other than undisclosed contingent liabilities, not incurred in the ordinary course of business. It is believed that all liabilities have been disclosed.

3. The Company is to have the right to nominate a Director of the Corporation.

It will thus be seen that, while the "A" Preference Shares and the Preference Stock will in the meantime remain, Phelps Dodge Corporation undertake liability for these Shares and Stock, and therefore in effect the ordinary Shareholders of this Company will own one-tenth of the Capital Stock of Phelps Dodge Corporation, and thus retain a one-tenth interest in the mining properties of this company.

It is not possible at present to place a market value upon the Shares of Phelps Dodge Corporation, as transactions seldom take place, the bulk of the Shares being held by a few family groups. The dividends which have been paid by the Corporation for the past few years have been as follows:—

1909, 12 per cent; 1910, 12 per cent; 1911, 12 per cent; 1912, 15 per cent; 1913, 16½ per cent; 1914, 14 per cent; 1915, 20 per cent; 1916, 32½ per cent; 1917, 32 per cent; 1918, 30 per cent; 1919, 10 per cent; 1920, 10 per cent; in all 216 per cent, giving an average of 18 per cent per annum. During the current year the dividends have been restricted to 4 per cent per annum.

Large expenditure (to a substantial extent out of revenue) has been made by Phelps Dodge Corporation within recent years, which have placed it in the position of being able to increase production considerably and advantageously when conditions warrant it.

In order that the Shareholders may retain a free market for their Shares it is proposed to keep up the present Arizona Copper Company, Limited, but as it will practically be an investment Company only, the expenses of management will be very considerably reduced.

The arrangement is not one which under normal circumstances the Directors would have submitted for approval, because it involves the transfer of the whole of the undertaking for an interest in an American Corporation. Under existing circumstances, however, they unanimously recommend that the proposed arrangement be approved, for the following reasons:—

1. If the Company is to continue a separate existence money will require to be raised to meet the losses down to 31st May last, as well as the further indefinite losses which will accrue before normal profit-earning conditions return. Even when that comes, provision would have to be made for the repayment of the money so borrowed out of profits, with, in all probability, a heavy loss on exchange as the expenditure has to be met on the other side.

2. Further, after a few years the future of the Company would be in great measure dependent on the treatment of large bodies of low-grade ore already ascertained to exist, and which it has been demonstrated recently can be profitably treated, but that only after suitable plant has been erected. That plant would involve an expenditure estimated at not less than \$10,000,000.

3. By selling for Shares and not for cash the Shareholders retain the advantage of participating in the prosperity of the industry when, as is to be expected, the conditions of the trade improve.

4. Phelps Dodge Corporation is one of the largest Copper-operating Corporations in the world, of high business repute, and owing large and valuable mines. Their position is such that the resumption of dividends by this Company (through dividends declared by that Corporation) may be expected at an earlier date than would be practicable if this Company continued as at present.

If you are not to be at the Meeting we shall be obliged if you will fill up the enclosed proxy form and return it as early as possible, but in any event so as to be in the hands of the Secretary not later than the morning of Friday, 30th instant.

Yours faithfully,
By Order of the Board,
GEO. READMAN, Chairman.
WILLIAM EXLEY MILLER, Secretary.

Sam Foster and Jim W. Brown, prominent cattlemen from Graham, spent several days of this week in Clifton.

"We have never had a tariff on copper," he said.